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FISCAL IMPACT STATEMENT

LS 6934

BILL NUMBER: SB 187

NOTE PREPARED: Apr 10, 2003

BILL AMENDED: Apr 10, 2003

SUBJECT: Education Matters.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR: Rep. Porter

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill changes the required publication date and some components of school corporation annual performance reports (APR). The bill requires APRs to include ISTEP test scores and an explanation of the statistical significance of variance in ISTEP scores. The bill provides for APRs to be made available on the Internet. The bill requires school corporations to provide free copies of APRs upon request. The bill removes language concerning the performance based accreditation program.

The bill provides that a public school having a longer school day than the statute requires may conduct specified activities other than student instruction during up to five full days of the 180 day school year until June 30, 2005.

The bill changes certain requirements for a student with a disability to receive a waiver to graduate from high school without passing the graduation examination. The bill requires a student who seeks a waiver to: (1) attain the goals established by the student's individual educational program rather than to attain the academic standard in a subject area; and (2) maintain a passing grade rather than a "C" average.

The bill provides that a veteran of the Korean Conflict or the Vietnam Conflict who left a public or nonpublic high school without graduating in order to perform military service may receive a high school diploma.

The bill provides that a school may not be placed in a performance category or be sanctioned for poor performance until the school has received adequate funding to fully carry out the school's improvement and achievement plan for at least three consecutive years. (The introduced version of this bill was prepared for the interim study committee on education issues.)

Effective Date: (Amended) Upon passage; July 1, 2003.

Explanation of State Expenditures: (Revised) ***Annual Performance Reports:*** No additional expenditures would be required at the state level for the implementation of the bill. Currently, the data from school corporations that is used for school corporation APRs is already provided to the Department of Education and placed into the Department's databases. The bill would allow the Department additional time to collect this data for the 2003 school year. The Department should not incur additional expenditures by the requirement to post on the Department's Internet site each school corporation's annual report. The Department already maintains an Internet site including reports and data on other educational topics.

School Instructional Days: Current law requires schools to be in operation for at least 180 days and that elementary schools meet for at least 5 hours per day and high schools meet for at least 6 hours per day. The bill would allow an elementary school that meets at least 5 hours and 18 minutes per day or a high school that meets at least 6 hours and 21 minutes per day to use up to 5 days annually for the following:

- (1) activities associated with strategic and continuous planning,
- (2) professional development activities,
- (3) parent involvement initiatives,
- (4) community partnership activities,
- (5) standards, curriculum, instruction, and assessment alignment, or
- (6) other activities associated with an improvement plan, professional development, or accountability.

Of the 294 school corporations, at least 264 elementary and 228 high schools would qualify for the use of the five days for the described activities until June 30, 2005.

Background: Current law reduces state tuition support if a school does not provide for 180 instruction days. The average daily amount of tuition support is projected to be \$19.6 M for CY 2003.

Veteran Diplomas: Under the bill, the Department of Education would incur expenditures to produce additional diplomas for Korean and Vietnam Veterans, and the Department of Veterans' Affairs would incur additional administrative responsibility to verify the eligibility of veterans from the Korean and Vietnam conflicts. The fiscal impact to state expenditures is currently indeterminable but expected to be covered under the departments' existing budgets.

Diploma Cost: The total cost to produce a veterans diploma under P.L.127-2002, is approximately \$2.79. Since the passage of P.L. 127-2002, the Department of Education and Department of Veterans' Affairs has approved 110 applications, with further approvals pending.

Background: Under P.L.127-2002, World War I and World War II veterans that dropped out of high school in order to enlist in the Armed Forces of the United States are eligible to be awarded an honorary high school diploma.

Projections from the United States Department of Veterans' Affairs indicate that approximately 236,000 veterans from the Korean and Vietnam conflicts are living in Indiana. Assuming that all officers already had a high school diploma, the number would be reduced. It is estimated that 11,000 officers that served in these conflicts are living in Indiana today. Removing the officers would reduce the number to 225,000. Removing those enlisted veterans that served in Vietnam, Korea, and WW II also would reduce the estimate by approximately 2,100 to 222,900.

According to data from the 1970-71 to 1974-75 school years, the average dropout rate for Indiana high school students during this time period was approximately 20.4%. (State dropout data for all years of the Vietnam conflict and the Korean conflict are not available.) Assuming that this rate applies to all Vietnam and Korean War Veterans, 45,500 veterans could be eligible. However other conditions specified in statute may also reduce the potential number of veterans who would be eligible for this diploma.

School Accountability: Under the bill, a school may not be placed in any category or designation by the state Board of Education nor any consequences carried out until the school has received adequate funding for at least three full years to fully carry out the school's strategic and continuous school improvement and achievement plan.

This provision could delay implementation of options by the Board if a particular school in question would have scored in the lowest category for five years. See background information below.

Background: Under current law, (P.L. 221-1999) performance on the ISTEP examination by students and other items recommended by the Education Roundtable and approved by the State Board of Education are used to determine the success of a school's improvement plan. Measures and statistics provided in the school's APR may also be used for consideration. The Department uses these benchmarks to assess improvement in schools. Schools that score poorly in the assessment by the Department are placed in categories and designations created by the Board. Based on the Department's findings, the Board places schools in a particular category and designation.

Schools that are placed in the lowest category have until the third year of such designation to improve or an expert team appointed by the Board would assist the school in revising the schools improvement plan and suggest changes to the school such as reallocation of resources to improve the school.

If a school remains in the lowest category for five years, the Board is required to hold a public meeting in the parent school corporation to discuss the following options:

- A) Merging the school with a nearby school that is in a higher category.
- B) Assigning a special management team to operate all or part of the school.
- C) Department's recommendations for improving the school.
- D) Other options for school improvement expressed at the public hearing, including closing the school.
- E) Revising the school's plan in any of the following areas:
 - Changes in school procedures or operations.
 - Professional development.
 - Intervention for individual teachers or administrators.

Should the Board determine that intervention will improve the school, the Board is required to implement that option.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) ***Annual Performance Reports:*** By moving the publication of the school year 2002-2003 APR from September 2003 to January 2004, school corporations could experience a one-time decrease in expenditures related to publishing costs in CY 2003. Savings would depend on the school corporation and local action on the choice of publication used. Approximately 289 school corporations operate on a calendar year budget.

Contents of the Report: The bill changes the requirements on contents of the APR. Additional benchmark/indicator information for student enrollment, more detailed financial information, and various school performance-related cost factors would be required in the report under the bill. More detailed counts of teachers that are certified employees and teachers teaching in the subject area for which they are licensed would also have to be included in the APR. An APR must include number of students receiving expulsions and those expelled in other recognized education programs. However, under the bill, staff professional development and number and types of partnerships with the community, business, or higher education, and levels of parental participation would be included in the report at the discretion of the school corporation.

Background on Publishing Charges: Under current law, basic publishing charges are by the line with squares of 250 ems. Before January 1, 1996, the rate was \$3.30 per square for the first insertion in a newspaper or qualified publication plus \$1.65 per square for each additional insertion in a newspaper or qualified publication. After December 31, 1995, and before December 31, 2005, a newspaper or qualified publication may, effective January 1, increase the basic charges by 5% more than the basic charges that were in effect during the previous year. However, the basic charges for the first insertion of a public notice in a newspaper or qualified publication may not exceed the lowest classified advertising rate charged to advertisers by the newspaper or qualified publication for comparable use of the same amount of space for other purposes. An additional charge of 50% is allowed for the publication of all public notice advertising containing rule or tabular work.

Background on ADM: For the 2001-2002 school year, Indiana's average daily membership (ADM) consisted of 959,611 students, and public school enrollment totaled 995,507. Approximately 1,900 public schools were in operation within Indiana's 293 school corporations during that time.

ISTEP Waiver for Children With Disabilities: Local school corporations (via case conference committees for students with disabilities) would have more flexibility in deciding whether certain students could be awarded a high school diploma based on goals established by the student's individual educational program and on passing grades determined by case conference committees.

Under the bill, the impact to local expenditures is currently indeterminable and would vary by school corporation dependant upon local action.

Background: ISTEP+ is Indiana's statewide student assessment program which is currently given in Grades 3, 6, 8, and 10. ISTEP+ includes both norm- and criterion-referenced components, is administered in the fall, and is based upon proficiencies from the previous year.

The norm-referenced component of ISTEP+ compares a student's performance to the performance of a statistically representative sampling of U.S. students. The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the Examination; (2) successfully complete all components of the CORE 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

Through the spring of 2001 testing session, approximately 83% of the 2000-2001 and approximately 75% of the 2001-2002 graduating class received a score at or above the Indiana Academic Standard on the examination.

For FY 2003, \$40,174,677 were appropriated from the state General Fund and state dedicated funds for ISTEP+ testing and remediation (Grades 3, 6, 8, and 10). Of this amount, approximately \$19 M were distributed to eligible school corporations for preventative and regular remediation and approximately \$20 M were distributed for test development and administration.

Students With Disabilities

Students with disabilities may also appeal ISTEP+ test results in accordance with current law. A student's case conference committee may determine that the student is eligible to graduate with a diploma if certain criteria have been met.

The 2001-2002 graduating class had 5,010 special education students graduating. Of this number, 79% (3,944) received a diploma and the remaining 21% (1,066) received a certificate of completion. About 20% of the 2001-2002 school year Grade 10 special education students passed the English/Language Arts portion of the ISTEP+ examination, and 24% passed the Mathematics portion of the ISTEP+ examination.

Of the students with disabilities in the graduating class of the 1999-2000 school year who have taken ISTEP+, 55.5% received a score at or above the Indiana Academic Standard. Approximately 10% graduated from high school with a diploma via the existing appeal provision.

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Education; Education Roundtable; State Board of Education; Department of Veterans Affairs.

Local Agencies Affected: School corporations.

Information Sources: Terry Spradlin, Indiana Department of Education, (317) 232-6671; Wes Bruce, Department of Education, (317) 232-9050; Bob Marra, Division of Special Education, Department of Education, (317) 232-0570; Steve Meskin, Office of the Actuary, Office of Policy and Planning, U.S. Department of Veterans' Affairs, (202) 273-5062; *Indiana Annual State Report Card 2002*; Department of Education Internet site: <http://ideanet.doe.state.in.us>; State of Indiana, *List of Appropriations (July 1, 2001, to June 30, 2003)*; DOE SAS and ORACLE DATABASES.

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